

Article - Tax - General

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§10-748.

- (a) (1) In this section the following words have the meanings indicated.
 - (2) “Department” means the Department of Commerce.
 - (3) “Qualified employee” means an individual who:
 - (i) is employed by a small business;
 - (ii) earns wages paid by the small business that are equal to or less than 250% of the annual federal poverty guidelines for a single-person household; and
 - (iii) earns paid sick and safe leave in accordance with Title 3, Subtitle 13 of the Labor and Employment Article.
 - (4) “Qualified employer benefit” means paid earned sick and safe leave that:
 - (i) is paid at the same wage rate as the qualified employee normally earns; and
 - (ii) meets or exceeds the requirements under Title 3, Subtitle 13 of the Labor and Employment Article.
 - (5) “Small business” means an individual, a partnership, a limited partnership, a limited liability partnership, a limited liability company, or a corporation that employs 14 or fewer employees.
- (b) A small business that employs a qualified employee may claim a credit against the State income tax in the amount stated on the tax credit certificate issued under subsection (d) of this section.
- (c) (1) For each taxable year, the credit allowed under this section may not exceed the lesser of:
- (i) an amount that equals \$500 for each qualified employee; or

(ii) an amount that equals the total amount of qualified employer benefits accrued by all qualified employees of the small business.

(2) If the credit allowed under this section in any taxable year exceeds the State income tax for that taxable year, a small business may claim a refund in the amount of the excess.

(d) (1) Subject to the limitations of this subsection, on application by a small business, the Department shall issue a tax credit certificate in the amount allowable under subsection (c) of this section.

(2) The application shall include:

(i) the name of the small business;

(ii) evidence that the small business is:

1. duly organized and in good standing in the jurisdiction under the laws under which it is organized;

2. current in the payment of all tax obligations to the State or any unit or subdivision of the State; and

3. not in default under the terms of any contract with, indebtedness to, or grant from the State or any unit or subdivision of the State;

(iii) proof of the wages paid to each qualified employee;

(iv) proof of the qualified employer benefits accrued to each qualified employee; and

(v) any other information that the Department requires.

(3) The Department shall:

(i) approve all applications that qualify for a tax credit certificate under this subsection on a first-come, first-served basis; and

(ii) notify the small business within 45 days after the receipt of the application of the Department's approval or denial of the application.

(4) For any taxable year, the total amount of credit certificates issued by the Department under this subsection may not exceed \$5,000,000.

(e) On or before January 31 each taxable year, the Department shall report to the Comptroller on the tax credit certificates issued under this section during the prior taxable year.

(f) The Department and the Comptroller jointly shall adopt regulations to:

(1) implement the provisions of this section; and

(2) specify criteria and procedures for the application for, approval of, and monitoring of continuing eligibility for the tax credit under this section.

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